Quarterly Letter – 2021 Q4

This quarter's letter begins at a high level, presenting performance and discussing where we might be in a multi-year frontier market cycle (it still seems early to us, even if a pause is inevitable). We follow the performance discussion with a reminder of how performance occurs (not by wishing for it). We then get into the meat of what 2022 might bring with a bullet point list of recent investor discussion points (developed markets have challenges; we have prepared for this, and we believe emerging and frontier markets are better positioned overall).

As it has been six months since our last round of calls, we will ring all our investors in the next two weeks to check in and answer questions. Expect a call from Tim or Nick soon.

Performance

Q4 and 2021. Our reference investor had a 5.48% net gain in Q4 and a 34.44% net gain in 2021.[1] From the March 2020 low, we're up 78%. Our 2021 return was our best annual performance since 2010 and our third best ever behind a 46% rise in 2009 and a 37% advance in 2010.

The 2021 total returns in the indices we track are: MSCI Frontier Markets (FM) Small Cap (SC) Index +42%, MSCI FM Index +19%, MSCI Emerging Markets (EM) Index -3%, MSCI EAFE Index +11%, and the S&P 500 +29%. Q4 saw wide-ranging returns in these indices, from -2% for MSCI EM to +11% for the S&P 500. FM was flat in Q4, but FM SC was up 10% and we were in between. See the Statistical Appendix for performance details. Figure A1 shows annual returns for us and these indices, Figure A2 shows quarterly numbers, Figure A3 presents our monthly numbers, and Figure A4 translates our USD returns into the home currencies of our investors. For those wanting more detail, Figures A5 through A14 show portfolio mix, statistics, attribution, evolution, and concentration.

Frontier cycles. After eight years of the S&P 500 beating us, in 2021 we finally had a better return than it. Prior to the S&P's streak beginning in 2013, however, we beat that index four years out of five, and had we been in business five years longer and earned FM index returns, we would have beat the S&P 500 eight years out of 10 from 2003-2012.[2] The S&P 500 and frontier equities are unrelated to each other, but there is a point we are making with this unintuitive comparison. Cycles in which the developing world or the US outperform each other can be long lasting: eight years or 10 years or even more.[3] While predicting any one

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[1] For the quarter, a reference Series B investor earned 5.48%, while a reference Series A investor earned 4.93%, and a reference Legacy Series investor earned 4.38%. Not all investors in Series A or the Legacy Series will earn the return we show for their series. Please see your statement for your account balance. Our stated Frontaura return is net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020. We discuss our returns and different series here.

[2] We've beaten the FM index 10 of our 14 years and our cumulative return is +155% after fees to +8% for FM without fees, thus we think it is realistic that we might have at least matched the index 2003-2007 if Frontaura existed then.

[3] Our comparison begins in 2003, the first full year of the FM index. But the three years prior to this, 2000-2002, all saw negative returns in the S&P 500, so it's possible that frontier's outperformance might have run for even longer. For example, the EM index beat the S&P 500 11 years of 14, 1999-2012, including seven in a row 2001-2007.

year's return in USD for a fund that invests outside the US is challenging—at times it can be difficult to even get the sign correct—the historical pattern is that when leadership changes from one to the other, it tends to be long lasting and this could bode well for us in the years to come.

We argued in the opening three pages of last year's Q4 letter that, regardless of how US domestic markets perform, we were due for better absolute returns because all the factors that worked against us in recent years ceased to be headwinds at some point in 2020. We detailed how, measured by calendar year returns, 2014-2020 had been seven lean years for frontier market equities and Frontaura. 2021 did turn out to be spectacular, yet it would seem miserly of Mr. Market to provide us with only a single good annual return. After all, one fat year does not offset seven lean ones.

More greed, please. Despite the performance turn, to us our markets do not show signs of excess. Strong money flows that characterized past frontier market tops are not present today. Frankly, in our opinion, frontier allocations are still too cautious and not greedy enough. Despite our strong gains, we finished 2021 with our cheapest portfolio PE of the year at 6.3 times trailing reported EPS. This is due to a 49% year-over-year EPS gain, measured in US dollars, through the first nine months of 2021, which more than offsets the 10% year-over-year USD EPS drop we had in 2020 due to the pandemic disruption.

The arguments above—that a relative leadership change favors us, that the overdue improvement in absolute returns should continue, that valuations are supportive, and that greed and excess are not present—make us continue to feel good about our medium-term outlook. We think we are still toward the beginning of a multi-year bull run, perhaps entering the third inning or still in the first act of a three-act play.

A pause may be due even if the runway is long. What are the counterarguments to our view? We acknowledge that we actually have now had a good run of seven straight quarters as 2020's full-year return was lean only due to the Q1 2020 COVID crash. Our longest positive streak is eight quarters, 2Q16 through 1Q18. So, we may be due for a negative quarter soon. And just as no NFL team has ever won the Super Bowl three years in a row, Frontaura has not had three consecutive positive years. This is largely a USD measurement issue though. We made money six years in a row, 2012 through 2017, in constant currency (and also when measured in Australian dollars, Canadian dollars, euros, and Singapore dollars, all home currencies of one or more Frontaura investors).[4] USD returns are the most relevant for most of our investors, but USD moves can whip our returns around in both directions. The USD bull market from July 2014 into March 2020 hurt us, but that bull market ended and we expect the more benign currency environment since then to continue.[5]

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[4] If it's any comfort, even our current two-year positive streak is not true in most of the home currencies of our investors. We lost money in 2020 when measured in Australian dollars, Swiss francs, euros, and British pounds.

[5] When we compare the US's real policy rate of -7% (rounded) to our currencies, half of which (of those independent of the euro or dollar) have positive real rates, we do not worry much about dollar strength. Now, the dollar could justifiably strengthen against some developed world currencies (e.g., the euro or Japanese yen) if those currencies become even further behind the curve than the US in raising rates to the point where their real rates become more negative than the US. If that happens, it might be technically correct to say the dollar is strong since those are major currencies pairs that feature prominently in a dollar currency index. We foresee commentators and bulge bracket strategists then making a leap in logic to argue that a "strong dollar" must mean EM and FM currency

Rough start. For different reasons, the first week of 2022 was a tough one for us and the main FM, EM, EAFE, and US indices, all of which lost money.[6] We're down 2.2% through January 7, with nearly 2 percentage points of this loss due to Kazakhstan where protests over the removal of fuel price subsidies briefly spiraled out of control before authorities cracked down and restored order. The government reinstated the subsidy immediately and will likely spend further to appease the populace. Fiscally, this is manageable for the country given its low debt, significant international and gold reserves, national savings fund from its oil wealth, and sovereign wealth fund. At worst, Kaspi was off 40% in the new year, as non-frontier investors not used to political risk fled the London-listed stock, but it then rallied to narrow its YTD loss to -21% through January 7. Halyk Bank fell less due to its lower starting valuation and less-touristy investor base, declining 23% at worst and finishing last week -13%. Overall, we lost 18% in Kazakhstan through January 7 and its weight in the portfolio fell from 11% to 9%. For context, before fees we made 71% in Kazakhstan in 2021 and 27% in 2020.

How We Make the Returns: Process

Having spent two pages discussing performance and what may happen from here, let us add that we do not achieve performance by wishing for it. Our good returns in 2021 were mainly the result of decisions made in 2020 and earlier, following our well-established investment process during the uncertainty of a global pandemic. We think our 2021 sell decisions will make our future returns greater than what they otherwise would have been through loss avoidance and by fueling the buys that have already performed and should continue to do so.

Our classic intrinsic value investment process buys stocks that are trading at too much of a discount to our estimate of a company's intrinsic value and sells those that trade at too much of a premium. Honed over more than 14 years, we've enhanced our methodology with numerous risk, trading, and behavioral controls appropriate to the universe in which we invest. To summarize what has worked well for us the past two years, we offer four key points. First, in early March 2020 we sold what was most vulnerable due to the changed situation that the pandemic brought. Second, beginning that same month we began investing the proceeds of our sales, provided that a company had a clear investment thesis with manageable risks at a price that provided a sufficient discount to our intrinsic value estimate. Third, we constantly monitored changing macro risks and updated our various portfolio risk controls (e.g., limits to position size and weight by country, region, currency, and sector) as necessary. Finally, we sold when an investment thesis was no longer valid or when macro (country) risk became too high. We did this no matter how much we might love a company, because bad macro usually trumps good management.

No process is perfect. For example, our emphasis on risk control means we could sell something where the risk of permanent loss that we fear does not materialize. Our focus on valuation could make us miss buying some companies that we thought weren't cheap enough

vulnerability. We acknowledge that this can become a self-fulfilling narrative to some degree, even if logically tenuous. Further, during the Fed hiking cycles this century, there is no clear link between Fed rate hiking cycles and FM performance or USD strength, as we demonstrated in our Q3 letter (see footnotes 7 and 8 on page 3).

[6] Bucking the trend was the FM SC index that gained 3%. It has no Kazakhstan exposure.

or we could sell something that continues to appreciate. Overall, though, we think our 14-year history shows that our process works.

Investor Macro and Portfolio Discussion Points

In last year's Q4 letter, we said:

> *We think how we perform in 2021 rests primarily on 1) to what degree does 2020's ending price momentum and the serial correlation of positive returns carry into 2021 and 2) how strong is the EPS recovery of our portfolio. We think momentum will be the bigger factor in the first half of the year with fundamentals performance perhaps becoming more important in the second half. Regarding fundamentals, a question for our companies with the strongest earnings growth in 2020 will be whether the pandemic brought demand forward and will 2021 earnings be soft as a result.*[7]

We now know the answers to the questions we raised a year ago:

- Price momentum did continue in the first half. We had a modest 2% gain in Q1, digesting Q4 2020's 20% advance. Then, Q2 ripped upward, rising another 20%.

- The EPS recovery of our portfolio was strong, especially in Q2 and Q3, where due to easy comparisons, EPS grew 77% and 46%, respectively. This earnings performance, reported July through November, dwarfed our second half price performance, allowing our year-end portfolio PE to be the lowest of the year.

- The issue of the pandemic pulling earnings forward into 2020 and causing 2021 earnings to suffer did not occur. In theory, this potential risk could appear now in 2022, and perhaps it will in some companies. Nevertheless, it seems to us that in most cases the 2021 earnings level of our companies reflects actual growth in their earning potential from pre-pandemic levels, so we worry less about this risk now than we did one year ago.

In 10 bullets, here is our high-level global macro outlook for 2022 and beyond as we have recently discussed with investors and prospects:

1. **2022's theme: inflation and rate hikes.** To summarize the past two years in global equity markets with a single sentence, we would say that 2020 was the year of the COVID crash and recovery sparked by huge fiscal and monetary stimulus while 2021 saw continuing positive price momentum supported by a large rebound in corporate EPS growth. We suppose 2022 might be the year that equity markets must address the reality of inflation and higher benchmark interest rates, two factors that could weigh on returns.

2. **Developed world behind the curve.** The developed world is most at risk here in our opinion. Emerging markets and (to a lesser but still significant degree) frontier markets hiked rates aggressively in 2021, as we have chronicled repeatedly by country

[7] See point 11 on page 5 in the 2020 Q4 letter.

in past monthly comments and quarterly letters.[8] In contrast, in our opinion, the developed world appears behind the curve and may have already made a policy error.

3. **Careful what you wish for.** High government debt levels are a factor that constrain the ultimate level of developed world interest rates. If rates go too high, countries can't afford the higher interest costs. We think this is an unspoken reason developed world central banks have kept rates near zero. Further, and again unspoken, we believe developed world central banks secretly like somewhat higher inflation as it erodes the real debt level. The aphorism *careful what you wish for* comes to mind here, however.

4. **Threading the needle.** A key question is whether developed world central banks can thread the needle. Can they make modest, gradual rate increases giving time for supply chain and labor shortages to ease so that inflation comes down and real rates move from deeply negative levels toward zero? If inflation does not come down either on its own or in response to initial rate increases, how high will developed world central banks be willing to raise rates given their countries' indebtedness (which cannot afford higher rates) and modest structural GDP growth outlook (where even modest rate increases could cause recession)? Can developed world central banks move beyond the lax monetary policy they've maintained beginning with the GFC over 13 years ago?

5. **Priced for perfection.** Developed markets have been accepting of high inflation and weak central bank responses to date, pricing securities as if threading the needle will occur. This is possible, but it will be difficult.

6. **Accidents can happen.** If developed world central banks cannot thread the needle, a developed world equity market accident may occur due to the risks of ongoing inflation, higher than expected rates, and recession risk from a rate shock.

7. **Who is swimming naked?** A rate shock could also cause a surprise default or bankruptcy contagion due to excess leverage. Financial and economic history tells us that some area usually blows up when credit conditions tighten after a lengthy period of easy money. Often these are not predictable. Who guessed that Fed rate hikes would bankrupt Orange County in 1994 due to derivatives speculation in its investment portfolio or that the GFC bursting of the US housing bubble would sink German regional banks that thought they were investing in AAA-rated securities?

8. **Frontier is better looking.** We have been talking about the developed world. Regarding our portfolio, the outlook is better. At 6.3 times trailing reported EPS, markets have not priced our portfolio for perfection as they have done with the S&P 500 at 27.2 times.[9] Most of our countries either have positive real rates or have already made multiple interest rate hikes in 2021 to move toward normal policy.

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[8] See monthly comments in 2021 for July, November, and December and quarterly letters in 2021 for Q1 (page 3, point 5) and Q3 (page 2, points 1-2).

[9] 27.2 PE = S&P 500 value of 4766.18 on 31 December 2021 divided by trailing as-reported EPS of 175.37 through September 2021, per Howard Silverblatt's Index Earnings spreadsheet on the S&P Dow Jones Indices website.

9. **Proactive pruning.** Throughout 2021 and into this year, we have been pruning and exiting the most vulnerable countries we owned, such as Sri Lanka, Turkey, Pakistan, and Ghana. These countries may have high current account or budget deficits, low or falling international reserves, high debt levels, or currency liquidity issues.

10. **Ready for the next opportunity.** On the prior point, we have been more proactive than usual as we prepare for the possibility that the developed world central banks may not thread the needle successfully. If they do, we will be fine. We remain near fully invested as sale proceeds have funded buys elsewhere. If the developed world doesn't manage events well, undoubtedly this eventually will affect us. We note, though, that in the GFC we had a lesser drawdown than the US, EAFE, EM, or FM indices and the bargains that resulted fueled years of index-beating gains. In other words, we suffered no permanent capital loss and had the best returns in our history. GFC problems did pop up in our universe, but we avoided these by not owning the most vulnerable countries.

Here are some other points we have recently discussed with investors:

11. **Battle of the undefeated: China's Zero COVID policy vs. Omicron.** China (not in our universe) is trying to keep its Zero COVID policy despite the Omicron surge. In the second half of 2021, the Delta wave caused countries like Vietnam and Australia to abandon their Zero COVID policies. It seems improbable that Zero COVID could withstand Omicron, but we suppose that China's willpower, culture, and means give it the best chance to be successful. We observe that it is better to just give up without a fight than to fight, lose, and then give up, which was Vietnam's path. Vietnam had a harsh lockdown that caused its Q3 2021 GDP growth to fall 6.0% year-over-year, but it lost the battle against Delta and so the economic damage of its lockdown was for naught. China risks a similar lost economic quarter if it implements nationwide Omicron lockdowns. Thousands of foreign visitors to next month's Winter Olympics in Beijing adds an interesting dynamic to this situation.

12. **Recovery speed bumps ahead for Vietnam or smooth sailing?** Vietnam followed its Q3 GDP drop with a 5.2% year-over-year rebound in Q4 once it abandoned Zero COVID. While the initial reopening gains were easy, we wonder though if it will hit a reopening speed bump should supply and labor challenges surface as they have in much of the world. This is a near-term observation that we do not hear in the smooth-sailing, return-to-normal growth rate narratives of the Vietnam bulls. Nevertheless, our comment is merely an observation and we are not concerned about Vietnam's medium- and longer-term growth story. It is also possible that its growth recovery overwhelms any speed bump, making our observation here moot.

13. **COVID: the beginning of the end or wrong footed again?** While the macroeconomic aftermath of COVID may be with us for years in terms of deficits, debt, inflation, and interest rates, the disease itself has not mattered too much to stock markets for some time. One can name a scenario where from here the disease has its crescendo before it slowly fades away. In South Africa where Omicron first broke out, weekly cases took only six weeks to peak, and are now down 62% from that peak, for the week ending January 9, according to Bloomberg data. Omicron's case peak in South Africa was not much higher than prior peaks, but elsewhere Omicron cases are

multiples of prior peaks, so it's unclear how representative the South African experience will be for other countries. UK cases have risen for nine consecutive weeks but look like they might drop soon. US cases have risen for four consecutive weeks, although this would be six weeks in a row if not for a testing decline during Thanksgiving week. Regardless, a case decline for the US nationally is not yet in sight. Similarly, Omicron appears to have only recently become widespread in Germany and India, as weekly case counts are up only two weeks in a row and are not yet setting new weekly records.

Global cases were a weekly record 16.9 million for January 9, up four weeks in a row, and already triple the amount of the prior weekly peak of 5.7 million from the Delta variant back in April 2021. Global cases seem destined to rise for at least one or two more months. Beyond this, an optimistic hypothesis is that Omicron's high transmissibility exposes everyone eventually, but its lower lethality means that it simply becomes endemic much like the common cold or flu. It could still be an annoyance and one that can be deadly for some, but it may cease to be something that we talk or worry much about. In other words, COVID ends much like the 1918 flu pandemic—slowly fading away over several years after two deadly years with multiple distinct variant waves. We offer two big caveats to this hypothesis, one specific and one general. If Omicron defeats China's Zero COVID policy, there could be tens or even hundreds of millions of future cases from that one country alone. Second, this virus and its many mutations have to date tended to make future predictions look foolish in short order.

14. **Inflation protests.** The media narrative for the protests in Kazakhstan cited rising inflation as a factor. We can debate this,[10] but let's take it at face value and ask the question of where else could inflation spark protests in 2022? Kazakhstan's 8.4% current inflation rate is not that much higher than the US's 6.8% rate,[11] so we suppose any country could be on the table for discussion. To date, we have not seen protests like we did in 2010 and 2011 when food prices spiked globally (perhaps because in general the 2021 inflation spikes are not specific to food), but it is a development to watch this year.

[10] The general inflation narrative has some merit in Kazakhstan, but we think it too simplistic. The fuel subsidy removal was the spark, so we see this specific price increase rather than a general rise in prices as the catalyst as it reinforced the belief that the state had not done enough to share its oil wealth in a time of rising oil prices. Further, there was dissatisfaction with an authoritarian regime and its slow and incomplete political reform and transition from the long-standing leader Nazarbayev to the new president Tokayev that began in 2019. In response to the protests, in a matter of days, Tokayev removed Nazarbayev and his cronies from their remaining high-level state posts, completing the transition in appearance. We expect further moves to follow but we realize that one authoritarian leader following another is not a change in regime type, so some discontent will linger. Other facts weaken the inflation catalyst narrative. Even before the protests began, the government hiked minimum wages over 40% effective January 1, although the ending level remained low in absolute terms and perhaps this came too late or was too recent to quell the feelings of some that their real wages had stagnated. Finally, we note that Kazakhstan's 8.4% December 2021 inflation rate was not that much higher than its 7.3% average inflation rate in the decade 2010-2019 before the pandemic began and was well below its 14.6% average inflation rate of 2016.

[11] The US releases December 2021 inflation on January 12. The Bloomberg consensus estimate (as of January 10) is for 7.1%. Kazakhstan's 8.4% inflation is for December 2021.

15. **SPACs.** In recent months, the SPAC craze has reached frontier markets as promoters have pitched us on several proposed deals where the target would be a frontier company. The promoters and the proposed listings tend to be US-based. We think these interactions say far more about where SPACs and the US are in their market cycles than where frontier markets are.

Monthlies

Please see recent monthly comments that discussed the following topics:

October:	Kazakhstan: Kaspi and Halyk Bank
November:	DPEU sale and Turkey exit, EM/FM rate hikes
December:	Portfolio evolution, EM/FM rate hikes, worst global real rates, Pakistan

We thank you for being a Frontaura investor.

Best regards,

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Statistical Appendix

Our Statistical Appendix follows this section. Figure A1 shows annual, cumulative, and compounded returns for us and the indices we typically cite. Figure A2 shows quarterly performance for Frontaura and these indices. Figure A3 shows our monthly returns since inception. Figure A4 shows Frontaura's returns in US dollars and six foreign currencies that are the home currencies of our investors.

Please see Figure A5 for portfolio mix by country, region, and sector, along with our portfolio statistics. Figures A6-A9 show country attribution by dollar and percentage returns, first for Q4 and then for 2021. Figure A10 shows regional attribution, including at the country level within each region, for Q4 and Figure A11 repeats this information for 2021. Figures A12 and A13 show changes in country mix for the quarter and the last 12 months, and Figure A14 shows portfolio concentration and how it has changed in the last three and 12 months.

Statistical Appendix

Figure A1
Frontaura Global Frontier Fund LLC
Annual Frontaura and Index Performance[12]
31 December 2021

Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500
2008	-28%		-54%	-53%	-43%	-37%
2009	46%		12%	79%	32%	26%
2010	37%		24%	19%	8%	15%
2011	-15%	-29%	-19%	-18%	-12%	2%
2012	18%	6%	9%	18%	17%	16%
2013	26%	32%	26%	-3%	23%	32%
2014	-3%	6%	7%	-2%	-5%	14%
2015	-5%	-8%	-14%	-15%	-1%	1%
2016	7%	15%	3%	11%	1%	12%
2017	17%	23%	32%	37%	25%	22%
2018	-13%	-17%	-16%	-15%	-14%	-4%
2019	-1%	-2%	18%	18%	22%	31%
2020	3%	5%	1%	18%	8%	18%
2021	34%	42%	19%	-3%	11%	29%
1 Year	34%	42%	19%	-3%	11%	29%
3 Year	37%	46%	42%	36%	46%	101%
5 Year	40%	48%	57%	59%	58%	134%
7 Year	41%	56%	38%	50%	58%	166%
10 Year	104%	132%	102%	69%	116%	364%
Inception to Date	155%		8%	28%	44%	313%
3 Year CAGR	11.1%	13.4%	12.5%	10.7%	13.5%	26.2%
5 Year CAGR	7.0%	8.2%	9.4%	9.7%	9.5%	18.5%
7 Year CAGR	5.0%	6.5%	4.7%	6.0%	6.7%	15.0%
10 Year CAGR	7.4%	8.8%	7.3%	5.4%	8.0%	16.6%
ITD CAGR	6.8%		0.5%	1.7%	2.6%	10.5%

* We present MSCI returns as they report them, although we think they overstate performance by 1-2 percentage points in 2020 by not marking down the Nigerian naira. See our discussion on page 3 of the 2020 Q4 letter. A similar issue exists in 2021 in Sri Lanka, although we believe the magnitude is less, at 0-1 percentage point. We discuss Sri Lanka's foreign exchange issues in our August comment.

[12] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020. Index returns are in USD on a total return basis, net of any withholding tax. We discuss our returns and different series and we explain the different indices we show here.

Figure A2
Frontaura Global Frontier Fund LLC
Quarterly Frontaura and Index Performance[13]
31 December 2021

Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500	Period	Frontaura	MSCI Frontier Small Cap *	MSCI Frontier *	MSCI Emerging	MSCI EAFE	S&P 500
2007 Q4	2%		4%	-7%	-5%	-5%							
2008 Q1	1%		-2%	-11%	-9%	-9%	2015 Q1	-3%	-4%	-3%	2%	5%	1%
2008 Q2	6%		2%	-1%	-2%	-3%	2015 Q2	3%	2%	0%	1%	1%	0%
2008 Q3	-11%		-23%	-27%	-21%	-8%	2015 Q3	-6%	-6%	-11%	-18%	-10%	-6%
2008 Q4	-25%		-41%	-28%	-20%	-22%	2015 Q4	1%	-1%	-1%	1%	5%	7%
2009 Q1	-2%		-17%	1%	-14%	-11%	2016 Q1	-1%	-1%	-1%	6%	-3%	1%
2009 Q2	28%		35%	35%	25%	16%	2016 Q2	4%	5%	0%	1%	-1%	2%
2009 Q3	17%		11%	21%	19%	16%	2016 Q3	2%	4%	3%	9%	6%	4%
2009 Q4	-1%		-10%	9%	2%	6%	2016 Q4	1%	6%	0%	-4%	-1%	4%
2010 Q1	10%		11%	2%	1%	5%	2017 Q1	4%	12%	9%	11%	7%	6%
2010 Q2	5%		-10%	-8%	-14%	-11%	2017 Q2	7%	3%	6%	6%	6%	3%
2010 Q3	9%		14%	18%	16%	11%	2017 Q3	3%	3%	8%	8%	5%	4%
2010 Q4	9%		8%	7%	7%	11%	2017 Q4	3%	3%	6%	7%	4%	7%
2011 Q1	2%	-12%	-5%	2%	3%	6%	2018 Q1	2%	-1%	5%	1%	-2%	-1%
2011 Q2	-1%	-2%	0%	-1%	2%	0%	2018 Q2	-7%	-9%	-15%	-8%	-1%	3%
2011 Q3	-10%	-12%	-12%	-23%	-19%	-14%	2018 Q3	-5%	-4%	-2%	-1%	1%	8%
2011 Q4	-6%	-7%	-2%	4%	3%	12%	2018 Q4	-3%	-5%	-4%	-7%	-13%	-14%
2012 Q1	6%	6%	6%	14%	11%	13%	2019 Q1	2%	-1%	7%	10%	10%	14%
2012 Q2	-3%	-6%	-7%	-9%	-7%	-3%	2019 Q2	3%	0%	5%	1%	4%	4%
2012 Q3	5%	6%	7%	8%	7%	6%	2019 Q3	-5%	-3%	-1%	-4%	-1%	2%
2012 Q4	9%	1%	3%	6%	7%	0%	2019 Q4	-1%	2%	7%	12%	8%	9%
2013 Q1	10%	7%	8%	-2%	5%	11%	2020 Q1	-22%	-24%	-27%	-24%	-23%	-20%
2013 Q2	5%	9%	3%	-8%	-1%	3%	2020 Q2	6%	12%	15%	18%	15%	21%
2013 Q3	1%	1%	6%	6%	12%	5%	2020 Q3	4%	8%	8%	10%	5%	9%
2013 Q4	7%	12%	7%	2%	6%	11%	2020 Q4	20%	14%	11%	20%	16%	12%
2014 Q1	-1%	6%	7%	0%	1%	2%	2021 Q1	2%	5%	1%	2%	3%	6%
2014 Q2	4%	7%	12%	7%	4%	5%	2021 Q2	20%	14%	14%	5%	5%	9%
2014 Q3	1%	4%	2%	-3%	-6%	1%	2021 Q3	4%	8%	3%	-8%	0%	1%
2014 Q4	-7%	-11%	-12%	-5%	-4%	5%	2021 Q4	5%	10%	0%	-2%	3%	11%

* We present MSCI returns as they report them, although we think they overstate performance by 1-2 percentage points in 2020 by not marking down the Nigerian naira. See our discussion on page 3 of the 2020 Q4 letter. A similar issue exists in 2021 in Sri Lanka, although we believe the magnitude is less, at 0-1 percentage point. We discuss Sri Lanka's foreign exchange issues in our August comment.

[13] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020. Index returns are in USD on a total return basis, net of any withholding tax. We discuss our returns and different series and we explain the different indices we show here.

Figure A3
Frontaura Global Frontier Fund LLC
Monthly Frontaura Performance
31 December 2021[14]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007											0.4%	1.6%	2.0%
2008	0.7%	0.6%	-0.1%	3.4%	3.9%	-1.0%	-0.8%	-2.2%	-7.9%	-17.5%	-10.7%	1.4%	-28.1%
2009	-2.0%	-0.4%	0.7%	7.7%	14.4%	4.1%	1.4%	4.7%	10.6%	-1.4%	-0.2%	0.2%	46.0%
2010	-0.9%	4.2%	6.6%	4.5%	-1.2%	1.9%	3.4%	0.7%	4.7%	3.5%	1.5%	3.3%	37.1%
2011	2.8%	-3.7%	2.7%	-0.4%	1.0%	-1.7%	-2.4%	-4.0%	-3.9%	-1.6%	-4.9%	0.7%	-14.8%
2012	-0.5%	3.9%	2.6%	2.4%	-4.4%	-1.3%	2.1%	1.4%	1.9%	2.6%	2.2%	4.3%	18.1%
2013	7.3%	1.9%	1.0%	1.8%	3.8%	-0.3%	2.6%	-2.1%	0.2%	3.1%	2.6%	1.6%	25.9%
2014	0.8%	-0.4%	-1.0%	1.6%	2.0%	0.1%	-0.3%	-0.8%	2.2%	0.9%	-4.5%	-3.3%	-2.9%
2015	-4.3%	1.0%	0.4%	3.9%	0.4%	-1.6%	-1.5%	-3.7%	-0.9%	3.3%	-2.4%	0.1%	-5.5%
2016	-4.8%	-0.6%	4.2%	1.8%	2.9%	-0.3%	1.6%	-0.4%	1.1%	-0.4%	0.7%	0.8%	6.6%
2017	2.9%	-0.1%	1.0%	0.4%	4.1%	2.1%	1.3%	1.0%	0.5%	2.3%	-0.2%	0.8%	17.2%
2018	2.3%	-1.1%	0.4%	0.4%	-6.8%	-0.7%	-0.8%	-1.9%	-2.2%	-3.2%	-0.9%	1.2%	-12.8%
2019	1.2%	0.8%	0.1%	0.3%	1.2%	1.9%	0.4%	-4.0%	-1.7%	-0.9%	-0.6%	0.5%	-0.9%
2020	1.3%	-4.9%	-19.3%	3.1%	0.6%	1.9%	1.7%	0.3%	1.8%	2.4%	9.5%	7.5%	2.8%
2021	0.9%	2.7%	-1.8%	8.5%	5.9%	4.3%	0.6%	4.0%	-0.1%	4.0%	0.1%	1.3%	34.4%

[14] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited results through 2020. We discuss our returns and different series here.

Figure A4
Frontaura Global Frontier Fund LLC
Performance by Currency[15 16]
31 December 2021

Period	USD	AUD	CAD	CHF	EUR	GBP	SGD
2008	-28%	-10%	-12%	-32%	-25%	-2%	-29%
2009	46%	14%	26%	41%	42%	32%	43%
2010	37%	20%	30%	24%	47%	42%	25%
2011	-15%	-15%	-13%	-15%	-12%	-14%	-14%
2012	18%	16%	15%	15%	16%	13%	11%
2013	26%	47%	35%	23%	21%	24%	30%
2014	-3%	6%	6%	8%	10%	3%	2%
2015	-5%	6%	13%	-5%	5%	0%	1%
2016	7%	8%	4%	8%	10%	27%	9%
2017	17%	8%	10%	12%	3%	7%	8%
2018	-13%	-3%	-5%	-12%	-9%	-8%	-11%
2019	-1%	0%	-6%	-2%	1%	-5%	-2%
2020	3%	-6%	1%	-6%	-6%	0%	1%
2021	34%	42%	34%	39%	44%	36%	37%
2021 Q1	2%	3%	0%	8%	6%	1%	3%
2021 Q2	20%	21%	18%	18%	19%	19%	20%
2021 Q3	4%	8%	7%	5%	7%	7%	5%
2021 Q4	5%	5%	5%	3%	7%	5%	5%
1 Year	34%	42%	34%	39%	44%	36%	37%
3 Year	37%	33%	27%	27%	38%	29%	36%
5 Year	40%	39%	32%	25%	30%	28%	31%
7 Year	41%	59%	53%	30%	50%	62%	44%
10 Year	104%	187%	152%	98%	132%	134%	112%
Inception to Date	155%	228%	242%	101%	225%	292%	138%
3 Year CAGR	11.1%	10.0%	8.3%	8.4%	11.4%	8.9%	10.7%
5 Year CAGR	7.0%	6.8%	5.7%	4.6%	5.3%	5.0%	5.5%
7 Year CAGR	5.0%	6.8%	6.3%	3.8%	6.0%	7.2%	5.3%
10 Year CAGR	7.4%	11.1%	9.7%	7.1%	8.8%	8.9%	7.8%
ITD CAGR	6.8%	8.7%	9.1%	5.1%	8.7%	10.1%	6.3%

[15] USD = US dollar, AUD = Australian dollar, CAD = Canadian dollar, CHF = Swiss franc, EUR = euro, GBP = British pound, SGD = Singapore dollar.

[16] Frontaura returns are net of all fees for a reference investor joining the fund at inception, making no further contributions, making no withdrawals, and converting to Series B in 2021 Q2. Investors joining on other dates, making additional contributions, making withdrawals, or not converting to Series B in 2021 Q2 may have different results. Our auditor has audited USD results through 2020. We discuss our returns and different series here.

Figure A5
Frontaura Global Frontier Fund LLC
Portfolio Mix and Statistics[17]
31 December 2021

Holdings Summary

Country	Holding
Philippines	17%
Kazakhstan	11%
Egypt	7%
Vietnam	7%
Côte d'Ivoire	6%
United Arab Emirates	6%
Rwanda	6%
Kenya	5%
Senegal	5%
Nigeria	4%
Georgia	4%
Papua New Guinea	3%
Bangladesh	3%
Chile	3%
Botswana	3%
Ghana	2%
Uganda	2%
Colombia	2%
USA (cash & accruals)	2%
Tanzania	1%
Niger	1%
Ecuador	1%

Region	Holding
Sub-Saharan Africa	35%
Southeast Asia	27%
Eurasia	15%
Middle East / North Africa	13%
Latin America & Caribbean	6%
South Asia	3%
USA (cash & accruals)	2%

Sector	Holding
Financials	47%
Consumer Staples	23%
Real Estate	7%
Industrials	6%
Communication Services	6%
Cash & accruals (all countries)	5%
Energy	3%
Health Care	3%

Portfolio Statistics	
Portfolio Price to LTM Earnings	6.3
Portfolio Price to Book	1.18
Portfolio LTM Dividend Yield	4.8%
Weighted Average ROEE	27.7%
Weighted Median ROEE	21.3%
Positions	33
Countries	21
Weighted Average Market Cap	$3,338m
Weighted Median Market Cap	$1,531m
Portfolio Turnover (12 Months)	30%
Portfolio Turnover (ITD)	30%
Standard Deviation (36 Months)	18%
Standard Deviation (ITD)	14%
Beta to S&P 500 (36 Months)	0.58
Beta to S&P 500 (ITD)	0.49
Assets Under Management	$144m

[17] Click here for an explanation of our holdings and portfolio statistics.

Figure A6
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Dollar Return)
2021 Q4

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)[18]	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Papua New Guinea	1.8	49%	Ghana	-1.5	-15%
Egypt	1.4	16%	Vietnam	-0.7	-7%
Turkey	1.3	19%	Kenya	-0.2	-2%
Bangladesh	1.1	30%	Ecuador	-0.1	-10%
Kazakhstan	0.9	6%	Uganda	-0.1	-3%

Figure A7
Frontaura Global Frontier Fund LLC
5 Best and Worst Performing Countries (Percentage Return)
2021 Q4

5 Best Countries			5 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Papua New Guinea	1.8	49%	Ghana	-1.5	-15%
Bangladesh	1.1	30%	Ecuador	-0.1	-10%
Botswana	0.7	20%	Vietnam	-0.7	-7%
Turkey	1.3	19%	Uganda	-0.1	-3%
Egypt	1.4	16%	Kenya	-0.2	-2%

[18] This footnote applies to all columns labeled "Frontaura Return ($millions)" and "Frontaura Return (%)" on this page and any similar page. Frontaura individual stock, country, and regional returns are before management fees, fund expenses, and any incentive compensation, as those deductions occur at the fund level and not at the individual stock, country, or regional level. Click here for an explanation of how we calculate country returns.

Figure A8
Frontaura Global Frontier Fund LLC
10 Best and Worst Performing Countries (Dollar Return)
2021

10 Best Countries			10 Worst Countries		
Country	Frontaura Return ($millions)[19]	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Philippines	7.3	39%	Colombia	-0.9	-17%
Kazakhstan	7.1	71%	Ecuador	-0.2	-14%
Turkey	4.7	107%	Pakistan	-0.2	-4%
Ghana	3.9	61%	Kenya	-0.1	-1%
Papua New Guinea	3.3	61%	Paraguay	-0.0	-8%
Vietnam	2.3	27%	Zambia	0.0	0%
Botswana	2.2	98%	Nigeria	0.2	3%
Egypt	2.0	24%	Chile	0.3	6%
Côte d'Ivoire	1.9	26%	Uganda	0.3	13%
United Arab Emirates	1.2	17%	Tanzania	0.5	37%

Figure A9
Frontaura Global Frontier Fund LLC
10 Best and Worst Performing Countries (Percentage Return)
2021

10 Best Countries			10 Worst Countries		
Country	Frontaura Return ($millions)	Frontaura Return (%)	Country	Frontaura Return ($millions)	Frontaura Return (%)
Turkey	4.7	107%	Colombia	-0.9	-17%
Botswana	2.2	98%	Ecuador	-0.2	-14%
Kazakhstan	7.1	71%	Paraguay	-0.0	-8%
Papua New Guinea	3.3	61%	Pakistan	-0.2	-4%
Ghana	3.9	61%	Kenya	-0.1	-1%
Niger	0.6	46%	Zambia	0.0	0%
Philippines	7.3	39%	Nigeria	0.2	3%
Tanzania	0.5	37%	Chile	0.3	6%
Vietnam	2.3	27%	Senegal	0.6	9%
Côte d'Ivoire	1.9	26%	Uganda	0.3	13%

[19] The Frontaura Return footnote on the first attribution table on a prior page applies to all Frontaura Return columns on this page.

Figure A10
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2021 Q4

Region / Country	Frontaura Return ($millions)[20]	Frontaura Return (%)	MSCI Small Cap Return (%)[21]	MSCI Standard Return (%)
Middle East / North Africa	**3.5**	**15%**		
Egypt	1.4	16%	16%	18%
Turkey	1.3	19%	-15%	-11%
United Arab Emirates	0.7	9%	18%	10%
Southeast Asia	**2.0**	**5%**		
Papua New Guinea	1.8	49%	--	--
Philippines	0.9	4%	8%	4%
Vietnam	(0.7)	-7%	31%	5%
Eurasia	**1.5**	**8%**		
Kazakhstan	0.9	6%	--	5%
Georgia	0.6	11%	--	--
South Asia	**1.1**	**16%**		
Bangladesh	1.1	30%	-6%	-6%
Pakistan	0.0	1%	--	-3%
Sub-Saharan Africa	**0.2**	**0%**		
Botswana	0.7	20%	--	20%
Nigeria	0.4	10%	15%	0%
Côte d’Ivoire	0.4	4%	--	--
Tanzania	0.2	10%	--	--
Rwanda	0.1	1%	--	--
Senegal	0.1	2%	--	2%
Niger	0.1	4%	--	--
Zambia	0.0	0%	--	--
Uganda	(0.1)	-3%	--	--
Kenya	(0.2)	-2%	-3%	-9%
Ghana	(1.5)	-15%	--	--
Latin America & Caribbean	**0.1**	**1%**		
Colombia	0.1	3%	2%	-3%
Chile	0.1	2%	0%	-10%
Ecuador	(0.1)	-10%	--	--

[20] The Frontaura Return footnote on the first attribution table on a prior page applies to all Frontaura Return columns on this page.

[21] This footnote applies to all columns labeled “MSCI Small Cap Return” and “MSCI Standard Return” on this page and any page with a similar table. We state MSCI small cap and MSCI standard (large cap and mid-cap stocks) country indices on a total return basis with dividends net of any withholding tax. We show “--” if MSCI does not have a small cap or a standard index for a given country.

Figure A11
Frontaura Global Frontier Fund LLC
Performance by Region and Country
2021

Region / Country	Frontaura Return ($millions)[22]	Frontaura Return (%)	MSCI Small Cap Return (%)[23]	MSCI Standard Return (%)
Southeast Asia	**12.8**	**39%**		
Philippines	7.3	39%	8%	-4%
Papua New Guinea	3.3	61%	--	--
Vietnam	2.3	27%	103%	25%
Sub-Saharan Africa	**11.3**	**23%**		
Ghana	3.9	61%	--	--
Botswana	2.2	98%	--	106%
Côte d'Ivoire	1.9	26%	--	--
Rwanda	1.1	15%	--	--
Senegal	0.6	9%	--	5%
Niger	0.6	46%	--	--
Tanzania	0.5	37%	--	--
Uganda	0.3	13%	--	--
Nigeria	0.2	3%	21%	4%
Zambia	0.0	0%	--	--
Kenya	(0.1)	-1%	15%	14%
Middle East / North Africa	**7.9**	**39%**		
Turkey	4.7	107%	-26%	-28%
Egypt	2.0	24%	20%	8%
United Arab Emirates	1.2	17%	32%	50%
Eurasia	**7.9**	**51%**		
Kazakhstan	7.1	71%	--	91%
Georgia	0.8	14%	--	--
South Asia	**1.6**	**10%**		
Sri Lanka *	1.0	16%	111%	6%
Bangladesh	0.9	23%	29%	5%
Pakistan	(0.2)	-4%	--	-25%
Latin America & Caribbean	**(0.9)**	**-8%**		
Chile	0.3	6%	-19%	-17%
Paraguay	(0.0)	-8%	--	--
Ecuador	(0.2)	-14%	--	--
Colombia	(0.9)	-17%	-16%	-14%

* We present MSCI Sri Lanka returns as they report them, although we think they may overstate performance materially by using the official exchange rate. Bloomberg shows this as 202.77 on 31 December 2021, and we believe MSCI uses a rate similar to this. See our August comment for our experience in exiting the country. After 5 August 2021, we've had no investments or cash in Sri Lanka, so we no longer have firsthand knowledge of the country's FX situation. Using the actual exchange rates that news reports cited after our departure would turn the MSCI Standard return for Sri Lanka to a loss instead of a gain and would lower the Small Cap return significantly.

[22] The Frontaura Return footnote on the first attribution table on a prior page applies to all Frontaura Return columns on this page.

[23] The MSCI footnote on an attribution table on a prior page applies to all MSCI columns on this page.

Figure A12
Frontaura Global Frontier Fund LLC
Significant Quarterly Country Mix Changes[24]
2021 Q4

Country	Percentage Point Change	Explanation
Kenya	+4	Added new position
Pakistan	-2	Exited position and country
Ghana	-5	Exited one position and trimmed another
Turkey	-5	Exited position and country

Figure A13
Frontaura Global Frontier Fund LLC
Significant Annual Country Mix Changes
2021

Country	Percentage Point Change	Explanation
United Arab Emirates	+6	Re-entered country Q2 2021
Georgia	+4	Re-entered country Q3 2021
Kenya	+4	Added new position Q4 2021
Egypt	+4	Added new position Q2 2021
Chile	+3	Entered country Q1 2021
Pakistan	-3	Exited positions and country Q1-Q4 2021
Colombia	-3	Relative underperformance and exited position Q4 2021
Ghana	-4	Exited one position and trimmed another Q4 2021
Turkey	-4	Exited position and country Q4 2021
Sri Lanka	-6	Exited positions and country Q1-Q3 2021

[24] We show countries whose weighting has changed by two percentage points or more. Total may not add to 0 due to rounding and exclusion of countries changing by less than two percentage points. Note that we do not show the United States as we only hold cash there. Click here for a discussion of how we classify cash by country.

Figure A14
Frontaura Global Frontier Fund LLC
Portfolio Concentration[25]
31 December 2021

	Companies	Countries	Change from Prior Quarter		Change from Prior Year	
			Companies	Countries	Companies	Countries
Positions	33	21	-3	-2	-7	-1
Top 5	32%	47%	-2	0	+5	+1
Top 10	52%	73%	-2	0	+4	-1
Top 20	79%	97%	0	+1	+3	-2
Top 20 + USA (Cash)	81%	99%	+2	+2	+5	0

[25] We do not include the US in our country count and most of the percentage totals as we hold only cash there. Change from the prior quarter and the year ago quarter represent the change in the number of positions and the change in percentage points for the top 5, 10, and 20 positions. The Top 20 + USA row does include the US cash percentage in the percentage totals. Click here for a discussion of how we classify cash by country.